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Trump presidency casts effect on trade and finance

Even before he assumes office, the effects of a Donald Trump presidency in the US are already being felt on the global trade, finance and climate change fronts. In the area of world trade, increased protectionism could be on the horizon, as could a change in direction – for better or worse – for free trade agreements.

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Initial global effects of Trump even before taking office

The incoming presidency of Donald Trump in the US may promise turbulent times ahead not only for Americans but for the rest of the world as well, with impacts already registered on the financial, trade and climate change fronts.

by Martin Khor

Even before taking office, US president-elect Donald Trump and the policies he promised during his campaign are already having a worldwide impact in at least three areas – global finance, trade and climate change.

If his election is described as an earthquake, the aftershocks are now being felt.

Global funds are starting to move out of many developing countries, reducing the value of their currencies and causing great economic uncertainty.

The Trans-Pacific Partnership (TPP) trade agreement looks like it will fade away, as Trump has said he would give notice of the US withdrawing from the pact on his first day of office. Earlier, President Barack Obama, seeing the writing on the wall, gave up on efforts to give it a final push through the US Congress.

And delegates meeting at the annual UN climate conference that ended in Marrakesh on 19 November were all speculating whether a President Trump would carry out his campaign threat to pull the US out of the Paris Agreement on combating climate change and what then would happen to future international climate action.

Trump has since softened his stand, telling the *New York Times* on 22 November that he has “an open mind” on the Paris Agreement. But he has also indicated he won’t follow through on the Obama administration’s domestic measures to reduce greenhouse gas emissions.

These are only some of the initial effects in anticipation of a Trump presidency. As the president-elect begins to fill his cabinet positions, the world is also wondering what is in store with regard to US policies on immigration, the UN, the Middle East, Asia and even NATO.

Capital outflows

The first concrete real-world effect was on currencies and the flow of funds in developing countries. Equities and currencies in many countries in Asia and

elsewhere have taken a hit since the Trump election victory.

The US dollar has strengthened significantly on expectations that Trump will embark on massive spending on infrastructure, thus increasing expectations of inflationary pressures and of the US Federal Reserve raising interest rates earlier than expected.

Many billions of dollars of funds that had moved to emerging economies in search of higher yields are returning to the now-attractive US, and this reverse flow is expected to continue or increase.

This can cause volatility and havoc in many emerging economies, in the wake of an exit of a sizeable portion of the hundreds of billions of dollars of foreign funds.

Many developing countries are vulnerable as foreign funds in recent years have increased their ownership of their government bonds denominated in domestic currencies, and there is also higher participation of foreigners in their stock markets. This makes them even more susceptible to high outflows of capital, and to the weakening of their currency levels, making it more difficult to service external debt.

The lesson from the boom-bust financial cycle is that what comes in as short-term funds will most likely move out when conditions change.

On the TPP, the effects of the US elections came swiftly.

The US Congress must ratify the TPP for it to come into effect and the last opportunity is during the “lame duck” session before Trump’s inauguration on 20 January. But immediately after the elections, Senate majority leader Mitch McConnell announced there would be no vote on the TPP this year. Sensing there is no hope for a TPP bill to succeed, Obama signalled he would give up the effort.

As Obama is the true, and often lonely, champion of the TPP, while Trump had pledged to kill it during his campaign, there is almost no prospect for the TPP to be ratified in the US.

At the recent summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Lima, leaders of the TPP countries, including Obama, were holding on to the possibility that Trump on taking office would change his mind on the TPP. After all, Bill Clinton pushed through the North American Free Trade Agreement (NAFTA) though he had opposed it before becoming president, and Obama signed the TPP although he too had earlier been against such agreements.

However, Trump dashed hopes that he would also make an about-turn when he announced on 20 November that on his first day as president he would issue a notification of intent to withdraw from the TPP, which he called a "potential disaster."

Without the US on board, the TPP cannot survive, as at least six countries with 85% of the combined gross domestic product (GDP) of all the 12 TPP countries need to ratify the agreement for it to come into effect.

The near-certain death of the TPP is in fact due not so much to Trump as to the public mood in the US, which has become so strongly against such trade agreements that it was unlikely there would be enough votes to get it through Congress whoever won the election.

A larger issue is what overall trade policy Trump will adopt. It is almost certain that negotiations on the other big trade agreement, the US-European Union Transatlantic Trade and Investment Partnership (TTIP), will also cease. And NAFTA may be renegotiated, as this was a Trump campaign promise, though no one knows the parameters of such a renegotiation.

Trump has also vowed to slap huge tariffs on imports from China and Mexico. Doing so would be against basic World Trade Organization (WTO) rules, so Trump might have to discard his campaign threats – or else hell will break loose at the WTO.

In any case, the future of the WTO's negotiating agenda will have to await the unveiling of President Trump's overall trade policy.

Thus the Trump presidency will have a huge impact on the future of the multilateral trading system as well as on bilateral trade agreements.

Climate crisis

Even more is at stake in relation to climate change, widely described as the biggest crisis facing the world.

During the election campaign, Trump described climate change as a hoax and vowed to pull the US out from the Paris Agreement, which Obama had joined with other countries to ratify and which came into force in record time on 4 November.

There was a sombre mood at the UN climate change conference in Marrakesh, Morocco, that ended on 19 November. Delegates and activists alike speculated in the corridors on what would happen if the US leaves the Paris Agreement or even the UN Framework Convention on Climate Change altogether.

French President Francois Hollande told the conference that "the United States, the second largest greenhouse gas emitter, must respect the commitments it has undertaken", stressing that the agreement was "irreversible".

If the US leaves the Paris Agreement, the effects could be disastrous.

When the US under President George W. Bush withdrew from the Kyoto Protocol in 2001, it didn't have an immediate effect on other countries. But by 2011, Japan, Russia and Canada had also either pulled out of the protocol or refused to participate in its second commitment period, and the protocol is now hardly operational.

There are legitimate concerns that the same fate may befall a Paris Agreement without the US.

Freed from the commitment the US made under the agreement to reduce its greenhouse gas emissions by 26-28% below 2005 levels by 2025, a Trump administration might more easily undo Obama's executive orders and the US Environmental Protection Agency (EPA) rules on cutting emissions from existing power plants.

A ray of hope was lit on this depressing scenario at least temporarily when

Trump told journalists at the *New York Times* that "I have an open mind on it", when asked about the Paris Agreement. The chances of Trump becoming a climate co-operant if not exactly a champion are not, however, bright.

One of his priorities on assuming office would be to pump more oil and gas and restore the coal industry. Reversing Obama's climate change regulations is expected to follow.

If the US remains in the Paris Agreement, the other countries will struggle to hold it to its commitments. And at some point, if it is clear it no longer believes in meeting its pledged targets, it may decide to leave or to weaken the agreement to accommodate its new position.

Unless there is a change of heart when Trump becomes president, these are the gloomy prospects on climate change cooperation. We may be back to the pre-Obama days when the US under Bush was in denial of the need to act on climate change either domestically or internationally.

This time, however, the situation is much more serious, as the next few years constitute the last window of opportunity for action to prevent a global climate change catastrophe.

These three aftershocks after the election earthquake are quick signs that confirm that not only Americans but the world at large should brace themselves for uncertain and uncomfortable times ahead.

We are in for a rollercoaster ride, and the world – as well as the world order – may never be the same again. (IPS) □

Martin Khor is the Executive Director of the South Centre, a think-tank for developing countries based in Geneva, and former Director of the Third World Network.

Rethinking trade policy and protectionism in the Trump era

Looking more specifically at the potential trade implications of a Trump presidency, *Martin Khor* writes that the heightened focus in the US on trade should prompt a review of how trade policy can work for or against the public interest.

What kind of trade policy will the US have under President Donald Trump?

This is a hot issue, as Trump has made unorthodox pronouncements on trade matters during and after the election campaign. If he acts on even some

of the positions he took, it will create a sea change in trade policy in the US and possibly the world.

Trump has recently emphasized that he will take the US out of the Trans-Pacific Partnership (TPP) agreement on his

first day of office, and renegotiate the North American Free Trade Agreement (NAFTA). He called them a disaster for the US.

He was probably referring to the claim that many of the manufacturing jobs lost in the US in recent years were due to free trade agreements (FTAs) and the overseas relocation of US companies. He is also probably blaming trade agreements for the US' huge trade deficits.

Most economists, however, have a different view. They attribute US job losses mainly to technological change.

There are legitimate fears that Trump's "Put America First" slogan, when applied to trade, will lead to an increase in trade protectionism. Trump has threatened to raise tariffs on products from China and Mexico by as much as 45%.

In his campaign, Trump accused China of being a "currency manipulator". If a country is so labelled by the US Treasury Department, it could be grounds under US law to slap extra tariffs on its products.

President Barack Obama came under pressure from many members of the US Congress and economists to do just that, but he smartly resisted as he realized it would trigger a very nasty trade war with China.

It is possible Trump will also climb down from this populist stance once he is president. For a start, China's currency is not undervalued and currently its government is trying to prevent (not encourage) its currency from further sliding.

Secondly, taking trade action against China on currency grounds would be against the rules of the WTO, and China should be able to successfully take a WTO case against the US for any such action.

Finally, China has warned it will retaliate if the US were to take protectionist actions. An article in the Beijing-based *Global Times* spelled out how the country would cancel its orders of Boeing aircraft, restrict US auto and iPhone sales in China and halt US soybean and maize imports, while a number of US industries would be impaired.

But if an across-the-board tariff hike is out of the question, the Trump administration is likely to consider taking more trade-remedy action on a range of products from China and other countries by claiming these products are being dumped or unfairly subsidized.

There are loopholes in the WTO rules on trade remedies which have made these a favourite protectionist tool. A country can impose high tariffs on an imported good from another country by claiming its price is artificially low because it has been "dumped" (exported at a price lower than the domestic price) or unfairly subsidized by the state.

But if the exporting country complains and a WTO panel rules that the actions were wrongly taken, there is no penalty imposed against the offending country, which is only asked to lift the tariff. Meanwhile, the aggrieved country will have lost many years of export earnings. Moreover, the same actions can again be taken against the same country, thus perpetuating the protection.

We may see a rise in such trade-remedy actions under President Trump, especially if he is counselled against taking the more blatant route of imposing an all-out tariff wall.

But we can also expect tit-for-tat counter-action of the same type by the affected countries, in a global spiral of protectionism. That will be in nobody's interest.

Reassessing FTAs

The new Trump presidency is also expected to usher in a major change in how the US (and eventually many other countries) perceives free trade agreements.

Trump's objection to the TPP and NAFTA seems to be based on the issue of goods trade, that the template of these agreements seems to favour the exports of the partner countries at the expense of the US. Trump has said he would instead "negotiate fair bilateral deals that bring jobs and industry back."

This appears to be neo-mercantilist and against the free-trade principle, but it is this kind of "America first" populism that helped propel him to power.

If the new US policy moves in this direction, what is to prevent other countries from doing likewise? "Free trade" or "fair trade" will be interpreted by each country in ways that favour it, and many of the present rules will have to be set aside.

However, the FTAs are about much more than trade, and they became unpopular with the public in the US and elsewhere not only because of the threat of cheap imports taking over the market

of local producers, but also because of the non-trade issues that are embedded in most recent FTAs, including FTAs between developed countries, and those between developed and developing countries.

These issues include investment rules aimed at liberalizing foreign investment and financial flows, with an especially controversial investor-state dispute section that gives rights to foreign investors to take cases and make claims against host governments in an international tribunal.

Another issue is the strengthening of intellectual property rules that favour multinational companies at the expense of local consumers. A most unpopular effect is a tremendous rise in the cost of some patented medicines through the additional curbing of competition from cheaper generic drugs.

Other issues include the opening up of government procurement to foreign firms on a "national treatment" basis (where foreign companies must be treated no less favourably than their domestic counterparts), thus reducing the share of local businesses in this huge sector; the liberalization of the services sector, which for some countries may affect the cost of basic services that are normally performed by the public sector; and, in the most recent FTAs, the establishment of new rules overseeing the policies and behaviour of state-owned enterprises.

The structure of this kind of North-South FTA is mainly unfavourable to the developing-country partners in general. While a developing country can get some benefits from the trade component through better access to the developed country's market, the non-trade components are usually against its interests as the developed countries are far stronger and have the upper hand in the areas of investment, intellectual property, services and procurement.

However, civil society groups in the developed countries also find the non-trade issues to be against the public interest. For example, the investor-state dispute system undermines the ability of these countries to set their own environmental or health policies, and the tighter intellectual property rules impede access to medicines and knowledge in these advanced countries as well.

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South stress on outcomes on public stockholding, SSM, LDC issues

Trade diplomats heard reports on the state of play in the WTO negotiations at a 1 December meeting and also conveyed their countries' respective positions on the talks.

by Kanaga Raja

GENEVA: A number of developing countries have stressed the need for outcomes at the next WTO Ministerial Conference on the issues of public stockholding for food security purposes as well as on a Special Safeguard Mechanism (SSM) for developing countries.

The least developed countries (LDCs) in particular also wanted to see the issues of special and differential treatment (SDT) and the LDC issues addressed.

The positions of the developing countries were put forward at an informal meeting of heads of delegation (HOD) on 1 December at the WTO, where Director-General Roberto Azevedo and the chairpersons of the various Doha Work Programme (DWP) negotiating bodies reported on their recent consultations on the key issues.

A number of countries at the informal meeting also indicated that they want to see outcomes on agriculture, especially on trade-distorting domestic support including on cotton; on fisheries subsidies; as well as on domestic regulation in services at the eleventh WTO Ministerial Conference, which will take place in Buenos Aires next December.

At the beginning of the meeting, Bolivia, on behalf of the ALBA (Bolivarian Alliance for the Peoples of Our America) countries, asked for a moment of silence for former Cuban President Fidel Castro, who passed away on 25 November. Cuba also took the floor and thanked everyone for their support.

Reports by DG and negotiating group chairs

DG Azevedo reported on his recent consultations including meetings with the negotiating group chairs in the previous week as well as with the coordinators of various country groupings.

He mentioned the mini-ministerial

meeting hosted by Norway in Oslo in October, the APEC ministerial meeting in Lima, meetings of the OECD, the IMF and the World Bank, as well as the Cotton-4 ministerial meeting in Bamako, Mali that he had attended in October.

The Cotton-4 grouping had highlighted to him the importance of making progress on the parts of the cotton dossier that had not been addressed in the last Ministerial Conference, which was held in Nairobi in 2015.

They were pleased with what happened in Nairobi on market access and export competition and now they want to see movement in implementing the decisions taken in Bali (at the 2013 Ministerial Conference) and Nairobi. They also want domestic support in cotton to be tackled.

In his remarks at the informal HOD meeting (posted on the WTO website), Azevedo said: "A number of common points have emerged from my recent discussions and consultations. First, there seems to be a shared desire among members to deliver concrete results at the 11th Ministerial Conference (MC11)."

Second, he said, members see the importance of sustained ministerial engagement throughout the preparatory process for MC11.

Third, outcomes are more likely to be achieved through incremental progress rather than major leaps.

And fourth, everyone agrees on the importance of advancing the development and LDC components of any of the issues that are being discussed.

"I think that these elements – and others – would provide useful guidance for our work here," he said.

"We can look back on a very constructive year of discussion and debate. As I have said before, I can't easily recall when we last saw this kind of dynamism and engagement at the WTO. Longstanding issues are being discussed in new ways. Other issues are also being

debated. We can be pleased with the progress made and positive about the way forward. But, in order to make further progress, and with MC11 in mind, we will clearly need to intensify our work in the New Year."

The D-G said that as discussions evolve, he is hearing divergent views in many areas. "I am also hearing convergent views in many areas, but with different approaches. Therefore, when we resume in 2017, I intend to start facilitating exchanges among proponents as well as delegations that have shown particular interest in specific issues. The idea would be to share views and see how we might be able to move forward.

"I will do everything I can to help members and to facilitate this work. It's important to stress, however, that any progress will need to be driven by members. It is up to proponents to get traction and convergence behind their priority issues. Deliverables for MC11 will be defined by how much traction and progress is achieved by proponents. So I urge members to continue talking to each other. Remain pragmatic. Remain open-minded. And be ready to intensify work in the New Year."

According to trade officials, in his report, the chair of the agriculture negotiations pointed to 69 bilaterals that he had held since the last meeting (in July) and more than 200 bilaterals since January 2016. What he has been able to detect from these is that agriculture must be part of any outcome at MC11.

It is very important that the ministerial expectations be addressed, including the Nairobi Ministerial Declaration. It is difficult to envisage an agriculture outcome without progress across all the Doha issues, specifically the non-agriculture issues.

He also said that there is a desire on the part of members to avoid seeking out any polarizing issues and having a polarizing debate on these.

On the substance, the chair said that the key issue around which most of the members were coalescing is the question of domestic support. He pointed out that there is no consensus so far but the intensification of the discussions is encouraging. He also highlighted the issue of domestic support notifications.

On agriculture market access, he said that there has been some shift in gears and some intensification. The issues that members are talking about include tariff peaks, tariff escalation and

tariff simplification. These things are important but whether or not there is progress on this is not known.

On public stockholding for food security purposes, the chair said that well-known positions have been repeated and there is nothing new to report there. The same goes for the SSM. Those who are proponents of the SSM say they see this as something that is very important to address import surges, address food security needs and offset trade-distorting subsidies elsewhere. But many countries also say that they do not see any prospect for an SSM without an agreement on agriculture market access, said the chair.

The chair of the negotiations on non-agricultural market access (NAMA) pointed to four categories of members – those that are not open to engaging on tariff cuts; those who can envisage getting engaged provided that certain other conditions are met in other areas (largely pertaining to agriculture); those who are willing to negotiate but are skeptical of a multilateral process and would prefer plurilateral or sectoral negotiations; and those who believe that tariff cuts are not feasible and that emphasis in the NAMA group should focus on increasing bindings and looking at the question of policy space.

There were opposing views to all of these perspectives, the chair said, adding that many other delegations did refer to SDT and the principle of “less than full reciprocity”. Some others referred to the Rev. 3 text (draft NAMA modalities text of 2008).

The chair said that there has been a slightly more encouraging picture on the issue of non-tariff barriers (NTBs), with members focusing on good regulatory practices and transparency particularly in areas like sanitary and phytosanitary measures and technical barriers to trade.

The chair said that there is a need for new ideas if there is to be an outcome at MC11.

The chair of the services negotiations said that the focus has been on three areas – domestic regulation, market access and e-commerce.

On domestic regulation, he noted the two proposals from India on trade facilitation in services. Some delegations also spoke about technical standards, transparency and the development of measures. The chair was of the view that the talks on domestic regulation were going well.

On market access, the chair said that there is a large and longstanding discussion about the difference between what governments commit to here and what their applied circumstances are with respect to various regulations involving specific sectors.

The chair said that there is a need for proposals on e-commerce. There have been some proposals but this has to be driven by the members.

Without concrete proposals, both market access and e-commerce cannot move forward, said the chair.

The chair of the Rules Negotiating Group highlighted the issue of fisheries subsidies which many members have discussed. Many proponents want fisheries subsidies to be a standalone issue. Some say that this should be done plurilaterally, but what the membership say is that plurilaterals should complement, rather than compete with, any multilateral approach.

According to the chair, some delegations would like to see movement on the issue of trade remedies.

Some delegations stress the need for balance across all the rules pillars, while some others say that the time is not ripe to talk about anti-dumping and subsidies.

The chair of the Committee on Trade and Development in Special Session said that there has been no movement in the committee. The proponents are in the process of putting forward proposals, and members are fully aware that without these proposals, there cannot be any prospect of agreement by MC11.

The chair of the Committee on Trade and Environment in Special Session reported no change in positions.

The chair of the Dispute Settlement Body in Special Session said that mutually agreed solutions are the area on which members are focusing. The next focus will be on third-party rights.

The chair of the TRIPS Council in Special Session reported that there is no appetite to engage on the geographical indications (GI) register for wines and spirits.

Countdown to MC11

According to trade officials, Norway recounted the mini-ministerial meeting held in Oslo in October.

Chad, on behalf of the LDCs, said that the countdown for the Buenos Aires ministerial meeting has started. It would

like to see substantial cuts in trade-distorting domestic support, public stockholding for food security purposes, a multilateral outcome on fisheries subsidies along the lines of the SDG (Sustainable Development Goal) Target 14.6, and the elimination of subsidies for illegal, undeclared and unregulated fishing.

It also wants to see the issue of SDT and LDC issues addressed, as well as duty-free, quota-free market access for LDC products (DFQF) and implementation of the decision on the services waiver for the LDCs.

It said that the LDCs note the dynamism on the issue of e-commerce. It however pointed out that the LDCs lack basic infrastructure. The International Telecommunication Union has said that there are 940 million people living in the LDCs, but only 89 million of them use the Internet – slightly more than 9%.

Laos, on behalf of the Association of South-East Asian Nations (ASEAN), said that it would like to see domestic support, agricultural market access and domestic regulation in services, including a trade facilitation in services agreement, as deliverables for MC11.

It also took note of the discussions on e-commerce and micro, small and medium-sized enterprises. It is committed to discussing these issues, but it wants to make sure that they emerge in a way that takes into account the development dimension.

Argentina (which will be hosting the next Ministerial Conference) said that after the agreements reached in Bali and Nairobi, it is very important to continue to deliver something important in Buenos Aires.

It wants to see the implementation of the decision on export competition reached in Nairobi. It also wants to see a specific decision on domestic support including on cotton, as well as an outcome on fisheries subsidies. It would like to see progress on domestic regulation and market access in services. E-commerce should be part and parcel of any outcome.

Egypt said that the multilateral system holds many advantages over plurilateral and regional accords. Bali and Nairobi have offered proof that the WTO can deliver.

It said that it is the largest net food-importing country, so agriculture must be part of any outcome in Buenos Aires. Public stockholding and the SSM are very important. It was disappointed that

there has not been more progress made on these issues.

Japan said that to remain relevant, the WTO must continue to deliver outcomes that address current policy concerns. Trade has been unfairly blamed for job loss. There must be courage to send the message that free and open trade is a good thing. But attention needs to be paid because the impact of trade on the environment can be problematic, it said.

Fisheries subsidies must be appropriately addressed, it said. It also said the Trade Facilitation Agreement (TFA) must be fully ratified and it is encouraging that the ratification is just around the corner.

It expressed interest in talking about trade facilitation in services and added that e-commerce can facilitate the entrance of small entrepreneurs in the global market. But it is evident that there needs to be capacity building and institution building in some countries to enable them to reap the benefits from this, it said.

Chile called for ratification of the TFA. There is also a need to implement the decision on export competition and to make progress in services.

New Zealand said that we are now entering an era of uncertainty, with the risk of unravelling the existing order. All members have benefited from the WTO. The importance of multilateralism is something that everyone must take on board.

On the negotiations, it highlighted three elements – intensify the engagement, adopt a pragmatic approach, and leadership.

Rwanda, on behalf of the African, Caribbean and Pacific (ACP) countries, said that trade-distorting domestic support and fisheries subsidies are critically important.

In agriculture, it is looking at a way to limit product-specific domestic support for certain products so that there will not be a concentration of support for any one product, particularly ones that will be exported. It is also important that the issue of fisheries subsidies be addressed as well, it said.

Phase of convergence

According to trade officials, India pointed to this being an important phase of convergence. Although it is important to say that there has not been any consensus anywhere in any of the issues,

there is a tendency on the part of some members to say that consensus is arising on e-commerce, domestic regulation and domestic support. But in order to get traction here, there must be much deeper involvement of the membership, it said.

The Bali and Nairobi ministerial declarations must be implemented, it stressed, adding that this must be the priority. It gets the impression that there has been some “cherry-picking”; some members choose to focus on some areas while not on others. The credibility of the WTO will not be enhanced if the ministerial declarations are not implemented, it said.

India said that the development dimension must be addressed. It is a vocal advocate for public stockholding for food security purposes and the SSM. This is extremely important for many developing countries, it said, adding that some delegations seem to be avoiding engagement.

South Korea said 2016 has been a tough year. While there is anti-trade sentiment out there, this needs to be addressed in a way that is supportive of the system. For South Korea, agriculture, services, fisheries subsidies and e-commerce are very important.

There is a need to recognize that a great deal of movement is not being seen. There is opposition, and very often policy space and special and differential treatment are raised as reasons not to move the agenda forward. The question of special and differential treatment is a vexing one because no one can agree on exactly what this means, it said.

Uruguay said that agriculture is the core issue, but the issue of fisheries subsidies is important as well.

Australia said that this has been a difficult year and the year ahead will no doubt be difficult as well. The way to respond to the anti-trade climate is not to stand still at the WTO but to deliver results as was done in Bali and Nairobi.

It said there are areas where there is a chance for success, including things that might be plurilateral. Fisheries subsidies, e-commerce and domestic regulation in services are among these.

The European Union said that the WTO members have now begun to move from reflection to action, but it is clear that they are not moving along at a satisfactory pace. There is not enough action as yet.

For the EU, the issues that are pos-

sible deliverables include trade-distorting domestic support. The question of fisheries subsidies is something that is important along the lines of SDG Target 14.6. It also highlighted the issues of small and medium-sized enterprises and e-commerce.

Indonesia, on behalf of the G33 grouping, said that it is extremely important that the issues of public stockholding and SSM are addressed. There are mandates for these issues. It is ready to engage in a solution-oriented approach but there is a need to get moving on this, it added.

On behalf of itself, Indonesia said that e-commerce is important. It is prepared to look at things in this regard but said the Nairobi mandate with respect to this issue should not be deviated from.

Pragmatic multilateralism

According to trade officials, the United States said in terms of the current environment, it has been encouraged by the pragmatic approach that many delegations have taken.

It noted that when US Trade Representative Michael Froman was in Geneva in October, he underlined the need to have pragmatic multilateralism. The US said there should be multiple sources of inspiration, including plurilateral approaches. There should also be regional approaches that can buttress the global trading system.

Referring to the negotiations on the Environmental Goods Agreement (EGA), it said that this will be a chance for the WTO to deliver another negotiating success. Members should not miss such an opportunity which does not come along that often. This can help to address both economic and environmental objectives. It will benefit all WTO members because it is MFN in nature.

The US said it is encouraged by the energy in the discussion on fisheries subsidies. The development dimensions of this are clear. The US and its partners are pursuing a plurilateral on this issue but they are prepared to engage with proponents multilaterally as well.

The US said that e-commerce is something that is of great importance to all members. It is important though to set a realistic pace rather than forcing a pace that may result in an outcome that is less than satisfactory.

It underlined that President Barack

Obama and his trade team are still deeply engaged and will continue to be engaged up until 20 January (when president-elect Donald Trump takes office).

China said that agriculture is extremely important and is a priority. Out of the 1.3 billion people in China, 700 million are small, poor farmers who have 0.1 hectare of arable land each and they shoulder the responsibility of food security for the entire country.

For China, public stockholding and the SSM are vital and should be deliverables for MC11. It expressed unhappiness over the level of progress to date on these issues.

There is a need, it said, to level the playing field in agriculture, as was done with export competition. Now there is a need to deal with Aggregate Measurement of Support (AMS), which it said continues to be a problem which must be addressed. It would never agree to any shift off the 8.5% *de minimis* level that it has, unless the AMS was completely removed.

On market access in agriculture, it said there must be a move towards addressing tariff simplification, tariff peaks and tariff escalation.

On NAMA, developed countries need to address their tariff peaks and tariff escalation. On services, the development dimension must be at the heart of any discussion, it said.

On fisheries subsidies, China said that there is a need for a multilateral agreement that is acceptable to all members and which takes into account the development dimension and special and differential treatment.

If there is to be an agreement on fisheries subsidies, there must also be an agreement on anti-dumping and countervailing duties, it said. Trade remedies should be a deliverable by MC11.

On e-commerce, it said it is important that the digital divide be tackled through trade-related capacity building and that there should be no agreement to move ahead on any market access in e-commerce, the red lines on which must be respected. There can be no mandate change without consensus, it said.

Pakistan highlighted the importance of agriculture and e-commerce. E-commerce and development are inextricably linked, it said.

South Africa said that the differences between governments remain. The divergent positions reflect divergent views; the Oslo meeting showed this to be the

case. There are wide divergences of opinion on agriculture.

It noted the support on fisheries subsidies but said that this must take into account the linkages to other areas including trade remedies as well as special and differential treatment that is needed for developing countries.

Pointing out that it had just attended an African Union meeting, South Africa said that the issues raised there included trade-distorting domestic support, cotton, public stockholding, SSM, fisheries subsidies, SDT and the LDC issues.

The Dominican Republic said that it wants to see an outcome on agriculture, especially on domestic support, at MC11. Nairobi delivered on export competition

and there is a need to move forward now to address other trade distortions.

Russia said that MC11 should be results-oriented. It would like to see trade-distorting domestic support, domestic regulation in services, anti-dumping and subsidies dealt with. It also wanted greater transparency in regional trade agreements and something on e-commerce. The Nairobi decision on export competition must also be implemented, it said.

According to trade officials, the informal HOD meeting was scheduled to resume on 5 December to continue hearing the statements of several other delegations which were yet to speak. (SUNS8369) □

Positions unchanged on public stockholding, SSM, says chair

Major differences persist among the membership over two key demands of many developing countries in the WTO agriculture talks – a greenlight for public food stocks and a Special Safeguard Mechanism against market volatilities.

by Kanaga Raja

GENEVA: The chair of the agriculture negotiations at the WTO has reported that members' basic positions remain unchanged on the issues of public stockholding for food security purposes and the Special Safeguard Mechanism (SSM) for developing countries.

The report by the chair, Ambassador Vangelis Vitalis of New Zealand, came at separate dedicated discussions on 17 November on each of these issues.

According to trade officials, during the dedicated discussion on public stockholding, the chair reported that nothing new has come up and the only thing that is relatively fresh is that developing countries are now asking for the programme to be available to all developing countries, and not only to those which are already using the programme as outlined in the Bali decision.

He said that there is no disagreement among the members that there is a mandate to finish the negotiations on a permanent solution for these programmes by the end of 2017. However, members disagree on the way forward, he added.

Food security concerns

According to trade officials, Botswana, on behalf of the African, Car-

ibbean and Pacific (ACP) Group, underlined that public stockholding for food security purposes is important for ACP countries, especially in times of emergency.

Public stockholding programmes are necessary to ensure adequate food supply, and finding a permanent solution must address legitimate food security concerns of developing countries. They must cover all new and existing programmes, Botswana added.

Indonesia, on behalf of the G33 grouping, said in the context of the post-Nairobi discussion, there have already been two dedicated discussions on public stockholding. However, the G33 remains concerned that some members are still questioning the public stockholding programmes, and this tendency is counterproductive. The Nairobi mandate must be kept in mind and the discussions continued, it stressed.

The G33 strongly believed that a permanent solution must contain elements of document JOB/AG/27, which says that such programmes should have no limitations.

The G33 also said that the WTO Agreement on Agriculture, as it stands today, does not give policy space for public stockholding programmes. It also be-

lieved that a solution must be available to all developing-country members.

India voiced agreement with the G33 statement. It also expressed disappointment that some members are trying to link the issue of public stockholding with the overall discussions on agricultural domestic support.

According to trade officials, other members voiced caution over what they said are the unintended consequences that such programmes could have on international markets. They also highlighted the systemic issue that such programmes could go against the direction of agriculture reform to curb subsidies.

Members which raised these concerns included Pakistan, Brazil, Colombia, Argentina, Paraguay, Uruguay, Thailand, the European Union, Canada, Australia and the United States.

The US said that while it remained committed, there is a need to allow such programmes without affecting other countries. It also said making changes to the Agreement on Agriculture will lead to unintended consequences, including affecting poor countries' food security. There is also a need to make sure that the stocks are not exported.

The EU said that it is aware of the need to find a permanent solution by MC11 (the eleventh WTO Ministerial Conference, to be held in Buenos Aires next December) and will fully engage to do so. It understands the food security concerns. However, such food security schemes should not disrupt markets.

According to the EU, proposals to put everything in the Green Box will not find consensus. The issue cannot be looked at in isolation from the domestic-support context, it said. Instead, with broader discussions on domestic support, new trade-distorting measures can be sought to be avoided.

According to trade officials, Australia said that tougher safeguards need to be in place to prevent trade effects. It maintained that China is the world's largest producer of wheat and India the largest exporter of rice, and that price support programmes in these large countries would have an impact on the global market, in particular when stockpiled food is leaked to the international market by private exporters or by public bodies.

Pakistan shared its experience in addressing food security and rural development through cash transfers to farmers instead of purchasing and stockpiling food.

According to trade officials, some members called upon countries that currently have public stockholding programmes to share more information and explore alternative ways to address food security concerns.

No consensus on SSM

Meanwhile, at the dedicated discussion on the SSM issue, the chair also said that there was nothing new to report. "There is no consensus whether an SSM for developing countries would form part of the Buenos Aires ministerial outcome," Vitalis said.

He said that while there is no question on the Nairobi decision to continue negotiations on the mechanism, the issue is when and how. It is also clear that the division on the issue is not neatly between developed and developing countries, he added.

According to trade officials, South Africa said that it is one of the developing countries that have access to the existing special agricultural safeguard (SSG). This is a matter of great interest to it and more can be done to define the appropriate trigger levels of safeguards.

Botswana, on behalf of the ACP Group, said that the SSM is of critical importance to protect resource-poor farmers in developing countries. It is worth noting that most ACP countries have never been able to invoke the SSG allowed under the WTO agreement, it said. As a result, the SSG by default fails to protect the ACP farmers, and in this connection, the SSM would be necessary.

South Korea said that it has poor farmers whose livelihood and rural security have worsened since the Uruguay Round. There is growing discontent with globalization and it is high time to take these views into account. It remains positive that the SSM would be established towards MC11.

According to trade officials, the G33 said that an SSM would respond to the objectives of developing countries on food security and rural development. It said that the current SSG is too burdensome to apply, asking for a more accessible mechanism for developing countries.

Indonesia, on behalf of the G33, said that it supports the work programme on the SSM through the dedicated discussions. It pointed out that it has proposals on the table on this issue.

On the paper prepared by the WTO secretariat on the SSG, it said that the price-based trigger for the SSG is more

commonly used than the volume-based trigger, which is used by few developing countries. The G33 is not in a position to accept an SSM less than the SSG, it said. There is a need to design a truly accessible SSM.

Both China and India endorsed the G33 statement.

According to trade officials, the major agriculture exporting countries, on the other hand, expressed concern over the potential negative effects that an SSM would have on South-South trade.

Australia, Argentina, Paraguay, Brazil, Colombia, Canada and the EU, among others, were of the view that an SSM can disrupt agriculture trade and hinder export opportunities for farm exporters in developing and developed countries.

The US was of the view that any discussion on the SSM can only be pursued in the context outlined in the Ministerial Conferences based on broader market access negotiations.

The chair took note of the persisting gaps in members' positions and encouraged them to talk with each other and focus on identifying practical solutions to address the remaining obstacles in the negotiations. (SUNS8361) □

(continued from page 16)

In addition to an element of "competitive neutrality" between state-owned enterprises and the private sector, and allowing unfettered access of private providers into the market, we only need a third step to complete the puzzle. That is, austerity measures which cut spending on public services, lower their quality and, on the basis of this lower quality, raise popular support for privatization.

We clearly face a downward spiral, for workers, micro and small enterprises and consumers alike, if TiSA proceeds in its current form. Governments should reconsider, for the sake of their citizens and the very stability of the global economy. □

Yorgos Altintzís is an economic and social policy officer at the International Trade Union Confederation (ITUC). He advocates workers' interests in international trade and investment as well as global governance. The above article first appeared on the Equal Times website (www.equaltimes.org) published by the ITUC.

More information on TiSA can be found in the ITUC report "All About TiSA: Everything You Didn't Know About the Trade in Services Agreement" (www.ituc-csi.org/all-about-tisa).

Cotton producers call for an outcome on cotton at MC11

Cotton-producing countries have urged the WTO to tackle the longstanding subsidy-induced distortion of trade in the crop at its next Ministerial Conference.

by Kanaga Raja

GENEVA: The Cotton-4 grouping as well as other cotton-producing countries including India, Pakistan, Senegal and Nigeria have called on members of the WTO to reinforce the dynamics in the negotiations so as to come up with a "fair and balanced outcome" on cotton at the eleventh WTO Ministerial Conference (MC11) in Buenos Aires next December.

According to trade officials, the call from these countries came during the latest round of consultations on cotton, held on 23 November by the chair of the agriculture negotiations, Ambassador Vangelis Vitalis of New Zealand.

The consultations also included the sixth dedicated discussion on trade-related developments for cotton and the 26th session of the Director-General's Consultative Framework Mechanism on Cotton.

According to trade officials, the chair said that most WTO members consider an outcome on domestic support for cotton "a priority" for the Buenos Aires Ministerial Conference.

While welcoming the recent submissions and "intense debates" among the members, the chair however said that "none of the new submissions enjoyed consensus so far".

Vitalis reiterated that for "the overwhelming majority of WTO members", an outcome on domestic subsidies at MC11 should include a decision on cotton.

Lack of progress

Mali, on behalf of the Cotton-4 countries (Burkina Faso, Benin, Chad and Mali), said that the Nairobi Ministerial Conference in 2015 "marked an important step to arrive at a negotiated global solution for cotton." However, it expressed regret over the lack of progress since the last session in July, especially on issues where no binding commitments were made in Nairobi.

According to trade officials, Mali said that the meeting of the Cotton-4 ministers in Bamako, Mali, on 26-28 October had launched an urgent appeal to eliminate all forms of export subsidies and domestic support for the production and marketing of cotton before MC11.

Vitalis welcomed the recent submissions

on domestic support that were discussed at a meeting of the Special Session of the WTO Agriculture Committee on 16-17 November. He said that these submissions "show members' willingness to take negotiations forward".

"While none of the ideas or options enjoyed consensus so far, the intensity of the debates was encouraging," he said.

The Cotton-4 had indicated earlier on 16 November that they intend to table soon a contribution on a possible outcome on domestic support for cotton at MC11.

The Cotton-4 and the least-developed countries (LDCs) also highlighted the increasing costs of cotton production in their countries, despite a global trend downward. They said that this, together with a drop in the prices obtained by cotton producers, is a threat to all efforts made by African cotton producers in their domestic reforms to enhance their competitiveness.

Meanwhile, according to a presentation made by the Executive Director of the International Cotton Advisory Committee (ICAC), Jose Sette, over 88% of cotton production in Africa is exported.

Sette said cotton exports have remained stable over recent years and direct assistance to cotton has decreased from \$10.7 billion in 2014-15 to \$7.2 billion in 2015-16, although this is still the third largest amount since 1997.

The ICAC said China's demand for cotton has decreased by 24% between 2013 and 2016 due to record-breaking national reserves in 2014, but demand is forecast to go back up in 2017.

According to trade officials, the Cotton-4 stressed the need to consider environmental, social and economic indicators when monitoring global trends in the cotton industry.

It called on WTO members to help small-scale cotton producers to make a living out of cotton exports.

The Cotton-4 also pointed to the importance of diversifying the group's cotton exports by transforming raw material locally.

Ambassador Eloi Laourou of Benin, a member of the Cotton-4 group, presented his country's recent initiative to incentivize public-private partnerships to this end. □

According to trade officials, the chair again voiced concerns about the "lack of critical information from key players in the cotton market" on how they support their farmers. He said that this is "disastrous from a systemic point of view" and "highly problematic" for the negotiations.

To date, he noted, six (Brazil, Hong Kong-China, New Zealand, Norway, Russia and South Africa) among the 32 WTO members identified as potential markets of interest for LDCs have notified their domestic support measures up to at least 2014.

The chair called on members to reply to the cotton questionnaire that the WTO secretariat circulates on a biannual basis.

According to trade officials, Benin, on behalf of the LDCs, deplored the lack of updated data on the volume of members' domestic support by category and of commitments to reduce domestic support. It said that members' silence to the concerns of the LDCs is "worrying" because domestic support measures are distorting cotton trade.

The LDCs called on concerned members to supply the necessary information before the end of 2016.

On the issue of development assistance provided for cotton, the WTO secretariat briefed members on the evolving table used to monitor the assistance. It noted that the number of committed projects and programmes has increased from 46 in July to 67 presently.

According to trade officials, Japan briefed members on latest updates and support initiatives that it has extended to the African region, while Brazil and China also briefed members on their contribution to South-South cooperation in the cotton sector. (SUNS8365) □

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No deal at EGA talks, no date for resumption either

An accord on freeing up trade in so-called environmental goods continues to elude negotiators from participating countries.

by Kanaga Raja

GENEVA: Participants negotiating a plurilateral Environmental Goods Agreement (EGA) at the WTO aimed at eliminating tariffs on a range of environmental goods failed to reach a deal on 4 December following a week of intensive negotiations.

Negotiators ended the meeting to meet again, but with no date set or mentioned.

And with a new US administration headed by president-elect Donald Trump, who had campaigned, among other things, on a promise to follow a different trade policy, the proposed EGA, like other trade talks (at the WTO or on a regional basis), faces an uncertain future.

The eighteenth round of the EGA negotiations ran from 28 November through 2 December, with trade ministers and senior officials arriving on 3 December for the ministerial segment to try and conclude a deal the following day. A ministerial press conference that was scheduled to take place at the WTO on 4 December was cancelled.

In a news item on its website, the WTO secretariat put a positive spin, stating: "Progress made on Environmental Goods Agreement, setting stage for further talks: Ministers and senior officials from the 18 participants in the Environmental Goods Agreement (representing 46 WTO members) met in Geneva this weekend to work towards liberalizing trade on a range of important environmental goods. Constructive talks were held and progress was made, but participants were not in a position to close the existing gaps at this point. The intensive discussions set the stage for further talks in the near future."

The participants negotiating the EGA are Australia; Canada; China; Chinese Taipei; Costa Rica; the European Union (representing Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom); Hong Kong-China; Iceland; Israel; Japan; Ko-

rea; Liechtenstein; New Zealand; Norway; Singapore; Switzerland; Turkey; and the United States.

According to information posted on the WTO website, the products involved in the negotiations are used in a variety of environmentally related functions including: generating clean and renewable energy; improving energy and resource efficiency; reducing air, water and soil pollution; managing solid and hazardous waste; noise abatement; and monitoring environmental quality.

In a statement on the WTO website, WTO Director-General Roberto Azevedo urged participants "to show whatever flexibility they can to help conclude the deal."

A joint statement issued by US Trade Representative Ambassador Michael Froman and European Union Trade Commissioner Cecilia Malmstrom, the co-chairs of the 3-4 December EGA ministerial meeting, said: "As co-chairs of this weekend's EGA Ministerial, the United States and the European Union worked with all WTO members involved to achieve the broadest possible consensus through creative solutions to bridge the gaps in the negotiations.

"Many EGA participants engaged constructively and brought new contributions to the table. The Chairs issued documents designed to stabilize the text of the agreement and produced a revised products list that balances priorities and sensitivities. The participants will now return to capitals to consider next steps."

The joint statement gave no tentative dates or time horizon for any further talks.

During a meeting back in late August at the WTO, a tentative agreement was reached among the participants to accelerate the negotiations on the EGA on the basis of the revised draft list of 304 tariff lines circulated by the overall chair of the negotiations, Andrew Martin of Australia.

According to media reports, going into this latest round of negotiations, there were differences between the EU and China over the issue of bicycles, which is of offensive interest to China while remaining of defensive interest to

the EU.

Other outstanding product lines of concern among the various participants included wood pallets and high-tech batteries, media reports said.

One participant in the EGA negotiations told journalists following the conclusion of the ministerial segment that there has been no agreement on the list of products that would serve as the basis for the continuation of the work so far.

The consultations took place on two lists – the list put forward by the co-chairs of the talks (the US and the EU), which was not accepted by China; and another, shorter list put forward by China. Neither has been accepted by consensus as the basis for the continuation of the talks, said the participant.

According to trade officials, the Chinese list had some 231 products, while the co-chairs' list was an expanded one.

An Associated Press news report quoted Turkey's Economy Minister Nihat Zeybekci as saying: "In the last seconds, China proposed a list that was not studied enough. Many countries, they have concerns about the list."

According to the news report, the minister also cited other concerns between Canada and New Zealand on one side and Japan and Chinese Taipei on the other over the issue of lumber.

Some countries' priorities were other countries' red lines, trade officials said in reference to the lists. Concerns were voiced, among others, over consumer products and wood, trade officials added.

Determination for a deal

Speaking to journalists after the ministerial meeting broke up on 4 December, EU Trade Commissioner Malmstrom, referring to the revised list (by the co-chairs) that had been presented earlier in the day, said most countries thought they could live with this list, but "very late in the process" came the Chinese list which "had a different point of departure" and made a lot of changes.

"All delegations had some of their red lines moved in or moved out in a way that it was impossible to deal with in a couple of hours," she said.

Malmstrom however said that everyone who came in was leaving with a clear determination to do this deal. "This is important for the environment, for the climate, for our moral obligation to show

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Leave no one behind – the right to development

Thirty years on from the adoption of the landmark UN Declaration on the Right to Development, much remains to be done to enhance its effectiveness in building an inclusive global society.

by Rose Delaney

ROME: Human Rights Day on 10 December offers a moment to pause and look back at the roots of the global development process as a platform for stepping forward.

Thirty years ago, the international community made a commitment to eliminate all obstacles to equality and inclusivity. On 4 December 1986, the United Nations General Assembly officially adopted the Declaration on the Right to Development, a landmark text which describes development as an “inalienable human right”.

The UN High Commissioner for Human Rights has encouraged all stakeholders to “approach the 30th anniversary of the Declaration with a sense of urgency.”

“The 30th anniversary of the Declaration on the Right to Development must remind us that marginalized people – including migrants, indigenous peoples, and other minorities, as well as persons with disabilities – have a right to development, and that the true purpose of any economic endeavour is to improve the well-being of people.”

The groundbreaking 1986 declaration called for the establishment of inclusive global societies wherein the elimination of all forms of discrimination would be implemented to ensure sustainability.

Developing countries in the Global South perceived to be “lagging behind” would be restored through the “international cooperation” advocated by the text.

The declaration stressed the importance of active and meaningful participation in the development process, even by those traditionally silenced and stigmatized by society. The marginalized poor were encouraged to speak out in the name of their rights.

The emphasis on inclusivity highlighted the importance of non-discrimination and equal opportunity in the development process.

The 2030 Agenda for Sustainable Development includes, in its consensus, the right to development. The main objectives of the 1986 declaration are also

reflected in both Sustainable Development Goal (SDG) 16 for the promotion of peaceful and inclusive societies, and SDG 17 which calls for the strengthening of global partnerships.

Shortcomings

Undoubtedly, three decades after the 1986 declaration was adopted, there are several significant achievements to reflect on, most notably the reduction of more than half of the population of people living in extreme poverty and in conditions of undernourishment in developing regions. In addition, the adoption of the declaration also resulted in improved access to clean drinking water and a much-needed increase in official development assistance.

However, despite significant progress, poverty and inequality persist.

According to the office of the UN High Commissioner for Human Rights, world wealth remains unevenly distributed. Over 700 million people still live on the equivalent of less than \$2 per day.

The limited access to healthcare, higher education and employment suffered by vulnerable segments of society runs the risk of pushing 100 million more into poverty by 2030, according to the World Bank.

Increased inequality and injustice in the developing world indicate the shortcomings of the 1986 declaration. An ongoing debate circles around its ineffectiveness, with many arguing that there is a lack of clear, coherent guidelines and thus far, it cannot be recognized as a legally binding instrument.

Differing interpretations of the declaration have also resulted in the absence of clear-cut solutions to critical development problems.

While the UN Development Programme claims that any action, in order to be developmental, must be human rights-based, the Vienna Declaration and Programme of Action in addition to the UN 2030 Agenda state that the right to development calls not only for enforcing action at the domestic level, but also for enabling action at the inter-

national level.

Both states and individuals share an equal responsibility to contribute to the creation and maintenance of a peaceful and inclusive global society.

Although the 1986 declaration was at first celebrated and welcomed by the international community, in recent years it has received less support from developing countries. Rising inequality, limited economic opportunity and lack of access to basic services have led to lost faith in its true effectiveness.

Recently, a promising step forward was made for the development agenda, especially to tackle the past “ineffectiveness” of the right to development, when Resolution 33/L.29 was adopted at the UN Human Rights Council’s 33rd session this September.

The resolution stressed the need to operationalize the right to development as a priority and called for the elaboration of a legally binding international instrument on the right to development in addition to the formation of a Special Rapporteur mandate devoted to the issue.

The Council’s resolution was welcomed by countries in the Global South but met with extreme reluctance by developed countries, whose delegates claimed the resolution unnecessarily duplicated the work of other mechanisms already put in place.

On 5 December, the Geneva Centre for Human Rights Advancement and Global Dialogue and the Permanent Mission of the Government of Azerbaijan hosted a panel discussion on the rising debates surrounding the right to development in 2016.

The core objective was to emphasize the importance of granting a voice to the voiceless and the necessity of global solidarity as a means of eradicating underdevelopment.

The approach undertaken by the Geneva Centre and the government of Azerbaijan places civil society at the heart of the development process as defined 30 years ago in the 1986 declaration.

The power of interconnected global communities knows no bounds, especially to build bridges between the developed and developing world, and ultimately, eliminate persistent North-South divides.

Ambassador Idriss Jazairy, Executive Director of the Geneva Centre and moderator of the panel discussion, emphasized the importance of global solidarity in an age of ongoing violence,

corruption, economic crises and, most notably, mass displacement the world over.

In his opening remarks, Jazairy discussed the revitalization of a peaceful international community and called for the inclusion of the 1986 declaration in

the International Bill of Human Rights.

"Development is a human and a peoples' right. The individual is entitled to have the means to thrive professionally, and peoples have the right to break the chains of subordination to an unjust global order," he said. (IPS) □

(continued from page 4)

Through the recent FTAs, sensitive areas and issues that were previously under the purview of the national government are now subjected to new and intrusive rules that cramp the space that countries (whether in the South or North) normally have to set their own policies.

Thus, both the trade and non-trade issues have made "trade agreements" highly controversial.

Civil society groups in developing countries have been expressing their concerns that the public interest and national sovereignty are being undermined.

At the same time, the public in developed countries have become disillusioned and even outraged by the effects of the FTAs their governments signed or proposed. The anti-FTA movement became so strong in the US that it helped boost the unexpectedly good showing by Bernie Sanders in the Democratic primaries, pressurized Hillary Clinton to pledge her opposition to the TPP, and enabled Trump to ride on and add to the "anti-trade" emotions in his campaign.

Trade policy and trade agreements

The heightened focus on trade policy during and after the US elections makes this a good time to review what works and what does not work for the public interest in trade agreements.

It is becoming clear that trade agreements have become overloaded with many issues that do not belong in an agreement originally designed to deal with trade in goods. For example, there is a history and logic to the "non-discrimination" and "national treatment" principles established for trade in goods among countries (although even then there is a debate on the conditions under which the application of these principles brings about mutual benefits in trade). But the same principles and template are often inappropriate when applied to non-trade issues for which they were not designed.

Creating rules based on these principles and including them in trade agree-

ments can lead to imbalances and unequal outcomes among the partners, and even adverse consequences for all the partners.

However, in recent years the scope of trade agreements has grown to include more and more issues, to which the original trade principles have been applied, leading to more and more contention and unpopularity.

The overloaded agenda in FTAs gives trade a bad name, with people being confused between trade, trade policy and trade agreements. Many people who are disgruntled with trade agreements also become unhappy with trade per se, and the benefits that trade can bring get mixed up with and overwhelmed by the contentious non-trade issues, and trade ends up being condemned as well.

It is important, at this moment of an imminent Trump presidency, to clarify the difference between trade and trade agreements, and to review the whole issue of trade policy.

A good outcome would be to design new agreements that are mutually beneficial in the trade aspect to all partners, while removing the controversial non-trade issues from the agenda. And this could be part of a broader pro-development trade agenda.

But this is not likely to be reflected in the new agreements being envisaged by the Trump team. The danger is that these agreements may be even worse than the existing ones.

We risk entering a new era where the US, and maybe some other developed countries as well, are tempted to promote extreme trade protectionism while retaining or expanding the unpopular non-trade issues in the trade agenda because it is in the interest of their corporations.

We might end up with a new type of "America first" agreement, in which a Trump administration ensures that the US can curb imports while championing its exports, thus reducing the trade benefits to its partners; and at the same time strengthen the rules in non-trade issues (like intellectual property and liberalizing financial services) that favour US corporations but are against the partners' interests.

That would be the worst of both worlds, at least for developing countries.

It is thus crucial for policymakers and thinkers in developing countries to rethink what kind of trade is good for their economies, what kind of trade policy would correspond to that positive trade performance, and what kind of trade agreements would be good to have and which types should be avoided.

It is also time to rethink the role of the WTO and reaffirm the priority of developing a balanced and pro-development multilateral trading system. If (and that is a big if) the WTO could evolve into such an ideal system, there would be no or less need for bilateral trade agreements. (IPS) □

(continued from page 11)

that trade can deliver after the Paris and Marrakesh agreements [on climate change].

"We can show that trade and environment can go hand in hand. They are not in opposition. We have a lot of things in common already. So we would just have to reflect upon this and come back and continue next year."

She noted that many countries have offensive and defensive interests and the list that was on the table on 3 December and some of the additions that were made with the US co-chair were welcomed by many delegations as a further way forward.

"So we have to reflect now what we can do. Well, we couldn't make a deal today but we have to continue."

The Chinese list had commonalities with the original list but there were lots of differences too, Malmstrom said – "too many to be able to absorb them today."

The next step is that "we all go home, we reflect [and] report to our capitals ..."

She also said that all delegations agreed that this is a very important agreement and "we are committed to conclude this and we will reinforce our efforts next year."

Asked if there is a risk that the appetite for this type of agreement will diminish after US president-elect Trump takes office in January, she said: "There is a risk of course. But it is very difficult to determine. We don't know very much about the incoming administration."

Malmstrom pointed out that there is not even a nominee for the new US Trade Representative yet. "So it is very hard to judge. But we hope that the US will be on board of course." (SUNS8370) □

Ensuring shared progress for sustainable development and peace

More equitable economic policies are needed to deliver sustained growth and enduring peace.

by Jomo Kwame Sundaram

International inequality has grown over recent centuries, especially the last two. Before the Industrial Revolution, between-country inequalities were small, while within-country inequalities accounted for most of overall global income inequality. Now, inter-country income inequalities account for about two-thirds of world inequality, with intra-country inequality accounting for a third.

Concern about inequality has grown as every major economic, social and political crisis has been preceded by rising inequality. World War II was no exception.

Thus, on 10 May 1944, the International Labour Congress adopted the historic Philadelphia Declaration which asserted that “lasting peace can be established only if it is based on social justice”.

Similar concerns were on the agenda of the Bretton Woods Conference two months later. The conference sought to create conditions for enduring peace by ensuring postwar reconstruction and post-colonial development through sustained growth, full employment and declining inequality.

Bretton Woods created the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) with this mandate foremost. The IMF would support countries not only in overcoming balance-of-payments difficulties but also “to direct economic and financial policies toward the objective of fostering orderly economic growth with reasonable price stability, with due regard to its circumstances”. The IBRD, later better known as the World Bank, was set up to support long-term investment and development.

The world then saw almost three decades of shared prosperity as labour’s share of output increased. This Golden Age also saw greater investment in health, education and public services, including social welfare.

This postwar consensus endured for

over a quarter-century before breaking down in the 1970s, to be replaced in the 1980s by its antithesis, the Washington Consensus.

Counter-revolution

Unfortunately, each era, no matter how successful, sows the seeds of its own demise. Three major new economic ideas helped undermine the postwar consensus underlying the Golden Age:

- The higher propensity to save (and invest) of profit makers, compared with wage earners, became the pretext for the tolerance, if not promotion, of inequality in favour of profits, ostensibly to accelerate investment and growth.
- Progressive redistribution was deemed bad for growth, as it not only lowers savings and investment rates, but also requires significant fiscal resources, raising tax rates and diverting fiscal resources from investments desired by investors.
- The Kuznets hypothesis suggested the inevitability of inequality rising with growth (before eventually declining).

From the early 1980s, the Washington Consensus – the policy consensus on economic development shared by the American establishment and the Bretton Woods institutions located in the US capital city – emerged as the banner for the counter-revolutions against development economics, Keynesian economics and progressively redistributive state interventions.

A relentless push for deregulation, privatization and economic globalization followed. Such measures were supposed to boost growth, which would eventually trickle down, thus reducing poverty. Hence, there was said to be no need to worry about inequality.

Macroeconomic policies became narrowly focused on balancing the annual budget and attaining low-single-digit inflation – instead of the previous

emphasis on sustained growth and full employment with reasonable price stability.

But these “neoliberal” measures largely failed to deliver sustained growth. Instead, financial and banking crises have become more frequent, with more devastating consequences, exacerbated by greater tolerance for inequality and destitution.

The new global priorities at the end of the Second World War remain relevant today. Research has disproved the previously widespread presumption that progressive redistribution retards growth. Even recent IMF and World Bank research acknowledges that inequality and social exclusion are detrimental to growth.

After more than three decades of regression, we have to recommit ourselves to the more egalitarian ethos of the Philadelphia Declaration and the Bretton Woods Conference.

Marshall Plan

At the beginning of the Cold War against the Soviet bloc, US Secretary of State General George Marshall announced a reconstruction plan for wartorn Europe. Known as the Marshall Plan, the generous infusion of US aid and acceptance of national reconstruction and development policies ensured the rebirth of modern Western Europe. For many Europeans, this is still seen as America’s finest hour.

In the decade that followed, the Marshall Plan became what is probably the most successful economic development assistance project in history. Similarly appropriate economic development policies were introduced in Japan, Taiwan and South Korea following the Korean War and establishment of the People’s Republic of China. Thus, the Marshall Plan created a *cordon sanitaire* to contain the spread of communism as the Cold War began.

The Marshall Plan experience offers valuable lessons for today.

Europe was rebuilt with policies that included economic interventions such as high duties, quotas and other non-tariff barriers. Free trade was delayed until after international competitiveness had been achieved.

Marshall’s lecture offers other relevant lessons. Unlike today’s conventional wisdom, he argued that viable institutions would only emerge from eco-

conomic progress, not the other way around. Marshall also emphasized that aid should be truly developmental, not piecemeal or palliative. The productive capacities and capabilities of developing nations have to be nurtured.

Marshall knew that inclusive and

shared economic progress is the only way to create lasting peace. (IPS) □

Jomo Kwame Sundaram was the Assistant Secretary-General for Economic and Social Development in the United Nations system during 2005-15, and received the 2007 Wassily Leontief Prize for Advancing the Frontiers of Economic Thought.

The “left behind” once had a real voice: the globalization protesters of the 1990s

The latest responses to the depredations of the neoliberal order have taken a worrying turn into an insular nativism. To change course, writes *Andy Price*, it's time to revive the ideas of the alter-globalization movement.

On the same day the North American Free Trade Agreement (NAFTA) came into force in 1994, a small band of armed revolutionaries led an uprising centred around the Southern Mexican city of San Cristobal de Las Casas. Named for Emiliano Zapata, a Mexican revolutionary of the early 20th century, the Zapatistas carried traditional weapons, but they weren't revolutionaries out to seize control of the country. Instead, they sought to give a voice to the struggling peoples of the world in an era of corporate globalization.

After a mere 12 days in control of the city, the Zapatistas retreated to the jungle communities from whence they came. Via a rudimentary connection to the nascent Internet, they began communicating their message of a transnational rebellion against the rule of corporate interests. They issued regular “Declarations from the Lacandon Jungle”, which addressed not only their compatriots in Mexico but “the peoples and governments of the world”. In 1996, they declared: “We will make a collective network of all our particular struggles and resistances. An intercontinental network of resistance against neoliberalism, an intercontinental network of resistance for humanity.”

By the turn of the 21st century, this one spark of resistance had become a genuine global movement. Its members were a small percentage of the world's population, but they mounted significant and visible protests outside meetings of the new global order: the World Trade Organization, the International Monetary Fund, the G7/G8 and the G20. These protests, in places such as Seattle in 1999 and Genoa in 2001, pulled to-

gether many diverse groups from both the Global North and South, who proclaimed loudly that they too deserved a stake in the new financial order.

These groups spoke for the original “left behinds” of neoliberalism. They would become known as the alter-globalization movement, calling not to roll back globalization altogether, but for a different type of globalization – one in which they too would have a voice.

Fighting back

Whenever national structures are broken down to allow for economic liberalization, somebody or some group always loses, whether it is the small landholders in rural areas who suddenly find themselves competing in a “free” market dominated by multinational agribusiness corporations, or the workers of once-strong industrial regions whose employers are suddenly free to take their production facilities to cheaper parts of the world.

Ever since the late 1970s, most of the nation states and corporate interests of the Western world have steadily pushed for deregulation towards a global open market. And as various people and groups have lost out, they have consistently met different forms of popular resistance.

The populist convulsions of Trump and Brexit are but the latest responses to the disruption neoliberalism has visited on millions of people. But these responses have been channelled by unscrupulous politicians and media outlets into an insular nativism, pitting one social group or another against “outsiders” who've supposedly done them wrong.

The dangers and historical precedents are alarming, and well-documented.

But however depressing it might be, those of us invested in social progress should not throw up our arms in despair. Instead, we should seize the opportunity to return to the alter-globalization movement's insurgent ideas.

Opening up

Like Trump and Brexit, this earlier “movement of movements” consisted of claims on behalf of people who felt left behind in the age of neoliberalism: look again at the footage and the literature of the protests of the time – we see and hear different voices around the world clamouring for a foothold in globalization.

This is the crucial difference between today's anti-global spasms and the alter-globalization movement. Yes, all its sub-movements called for the regulation of global markets, and for better ways to ensure the spoils of a new globalized world were properly shared. But at the same time, they called for continued social, intellectual and moral globalization.

They called for the continued spread of the ideas of a universal humanity, the central dignity of all human life, and the collective global solidarity of peoples and political institutions that would be needed to deal with the 21st century's global problems, such as climate change.

Beyond that, the very tools and concepts the alter-globalization protesters used were products of globalization. The Internet allowed these groups to organize collectively, across borders, in ways that were previously unimaginable. Many of their ideals and principles had been built in part by the new international institutions of the postwar period: human rights, transnational governance, global citizenship.

This movement put the landless farm workers of the Global South side-by-side with the industrial trade unionists of the North, and yet it didn't collapse into incoherence. Instead, it came together around a core principle: while its constituent groups all had their own distinctive concerns, they could all come together to fight their abandonment by corporate-led neoliberalism.

Outrage at that same world order has lately turned Western politics in a new and alarming direction – and to change course, it's time to revive the al-

ter-globalizationists' ideas. We should be inspired not only by what it was against, but what it was for: a transnational movement of people seeking nothing more than the dignity that should be afforded to all humans across all borders.

This is a vision of social progress we urgently need. As today's tide of populism signals a retreat from globalization to the protection of individual nations,

all at the expense of global solidarity, we should remember the world has a long and rich history of other alternatives to neoliberalism. To borrow one of the alter-globalization movement's familiar phrases: another world is possible. □

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TiSA would put workers and consumers at risk

The Trade in Services Agreement currently under negotiation would ill serve the interests of workers, small enterprises and consumers alike, contends *Yorgos Altintzís*.

The Trade in Services Agreement (TiSA) is a new global deal in the works that aims to remove barriers – or what is left of them – for corporate service providers to capture markets worldwide, promote an employment model based on exploitation and boost the financialization of the economy.

The International Trade Union Confederation (ITUC) recently published a detailed analysis of leaked negotiating texts of TiSA – after 20 rounds of talks over the past three and a half years – which shows that if it is agreed, signed and ratified, the deal would have grave consequences in the world of work.

Its scope appears to be vast, spanning transportation, energy, retail services, e-commerce, telecommunications, banking, construction, private health, education and more in the European Union, the United States and countries in Asia and the Americas. As services account for the biggest part of global gross domestic product (GDP), TiSA would transform the world labour market.

For instance, TiSA would legally fortify and economically facilitate the operation of the “platform economy” (also known as the “gig economy” or “sharing economy”) – a term describing the online, on-demand business model of international companies like Uber. Such companies thrive by injecting unfair competition among service providers, employing unprotected informal workers and avoiding paying taxes.

Professional services, like auditing, architecture, accountancy and engineering, offer vast unexploited space for the platform economy to develop. And TiSA will make sure that these companies do

not face many hurdles like class action or the banning of services, like Uber in France.

TiSA has more unpleasant surprises for workers. Services are provided in four ways. First, with cross-border supply, like international transport; second, with consumption abroad, like tourism; third, with commercial presence, like when a bank opens a branch abroad; and fourth, with the presence of natural persons.

This fourth way of delivering a service, also known as Mode 4, is actually a form of short-term migration; for instance, when an IT application developer works for a high-tech company on a particular project that lasts for six months.

The employment terms – like wages, leave and health insurance – for this worker are laid out in the same contract that specifies the project, the time of delivery and the quality safeguards. This works for high-skilled, mobile and flexible professionals like IT application developers, but not for nurses, catering staff or dental assistants.

Depending on the breadth of commitments different governments will undertake in TiSA, many categories of workers, including the low- or middle-skilled, risk finding themselves employed abroad on terms far inferior to those stipulated in the receiving country's labour law – simply because the labour law will not apply if they are hired with a project contract.

How would governments ensure that professionals who benefit from Mode 4 have appropriate skills? TiSA includes procedures that would converge or mutually recognize licensing and qualification requirements, as well as technical standards such as those en-

suring the quality of a service.

Another part of TiSA goes deeper into the sovereign competences of regulation. Governments will have to give early notice of planned regulations, giving service corporations, including foreign ones, an opportunity to comment on them. This might sound harmless, but taking into account that such comments come before the regulation-making process starts, and coupled with the possibility of taking a government to an investment tribunal – under the highly controversial investor-state dispute settlement (ISDS) mechanism – they can have a watering-down or even chilling effect on regulators.

Sectors at risk

The countries negotiating TiSA now are willing to fully open transportation services. This includes maritime, air and land transportation, and the express delivery of packages. Transportation unions have made a strong argument that this would only lead to the further deterioration of wages and safety of transportation workers – a bit like what happened with truck drivers when the EU borders opened to Eastern European competition.

TiSA also includes financial services. There is hardly any financial transaction that cannot be presented as a financial service. By pushing barriers down, TiSA will help further the consolidation of financial markets. This means that big international banks will get bigger either by outcompeting smaller banks that currently only operate on a domestic level, or through mergers and acquisitions.

Whatever the way, the result is the same: the banks that are too-big-to-fail will become even bigger under TiSA, posing an increased risk to the financial system.

The designers of the deal also intend to deregulate financial markets. For instance, if a toxic financial product is allowed in one TiSA country, then all other countries will have to allow it to circulate. Such products were at the heart of the 2008 financial meltdown.

Public services and public services procurement are also to be opened up. Although the EU and others have provided reassurances that this is not the case, provisions of the leaked texts show that reversing privatization will be impossible.

(continued on page 9)